

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 L-03 AID-05 CEA-01 CIAE-00 COME-00

EB-07 EA-06 FRB-03 INR-07 IO-10 NEA-10 NSAE-00

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

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C O R R E C T E D COPY: GARBLE BETWEEN PARA 2 AND 3

E.O. 11652: N/A

TAGS: AORG, OECD, NATO

SUBJECT: 1974 GENERAL REVIEW OF SALARIES FOR THE

COORDINATED ORGANIZATIONS

REF: (A) STATE 134953, (B) OECD PARIS 11898

(C) OECD PARIS 16198

1. SUMMARY: AT 146TH MEETING CCG, STALEMATE ON ADOPTION OF NEW PROCEDURES FOR GRANTING COST OF LIVING INCREASES CONTINUED DUE TO MAINTENANCE STRONG FIXED POSITION OF U.S. CANADIAN DELEGATE, WITH WIDE SUPPORT FROM OTHER DELEGATIONS, PROPOSED COMPROMISE MEASURE BREAK IMPASSE ON THIS ISSUE. ESSENTIAL ELEMENT PROPOSAL WAS TO ADOPT MODIFICATION OF PROPOSED COST OF LIVING FORMULA ON A PROVISIONAL BASIS AND TO MAKE NECESSARY MODIFICATIONS AFTER NEW AND FULL STUDY OF ISSUE INCLUDING DEVELOPMENT NEW STATISTICAL AND TECHNICAL DATA ON NET TRENDS SALARIES
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IN SELECTED MEMBER COUNTRIES AND EFFECT OF TAXATION UPON

SALARY INCREASES. ON BASIS INTENSIVE DISCUSSIONS BETWEEN REPRESENTATIVES SECRETARIES-GENERAL AFTER CCG MEETING, SECRETARIES-GENERAL'S PREPARING PROPOSAL FOR NEXT CCG CALLING FOR THOROUGH STUDY PRIOR INTRODUCTION NEW PROCEDURES FOR COST OF LIVING PROCEDURES WITH RETROACTIVE EFFECT TO JULY 1975. END SUMMARY.

ACTION: REQUEST INSTRUCTIONS PARA 6 BEFORE NEXT CCG MEETING JULY 2.

2. SECRETARIES-GENERAL CONTINUE OPPOSE ANY CHANGE IN COST OF LIVING FORMULA AS AN UNWARRANTED REDUCTION IN THE PURCHASING POWER OF STAFF MEMBERS. HOWEVER, THE PRESIDENT OF OECD STAFF ASSOCIATION MADE CONCILIATORY STATEMENT AT CCG MEETING INDICATION THAT, ON A PERSONAL BASIS, HE WOULD FAVOR A FULL STUDY OF THE AFFECT OF NATIONAL TAXATION UPON SALARY INCREASES AND TO USE A TECHNICAL STUDY AS A BASIS FOR DEVELOPING COST OF LIVING PROCEDURES BASED ON FACTUAL DATA. BOTH HE AND DEPUTY SECRETARY WOOTTON HAD SUGGESTED IDEA OF A MORATORIUM OF ABOUT SIX MONTHS ON THIS ISSUE SO THAT A VALID STUDY COULD BE MADE AND USED AS A BASIS ON WHICH TO DEVELOP A NEW COST OF LIVING FORMULA AND HAVE, AFTER EXTENSIVE CONSULTATIONS, CONVINCED NATO AND ITS STAFF ASSOCIATION TO ACCEPT PROPOSAL CONTAINED IN REF C. THE TECHNICAL STUDY ON NEW PROCEDURES FOR COST OF LIVING ADJUSTMENTS WOULD BE CONDUCTED BY A WORKING PARY OF THE CCG (WITH REPRESENTATIVE'S) OF STAFF ASSOCIATION BEING ACCORDED SOME TYPE OF OBSERVER STATUS) AND ON OECD FINANCIAL AND FISCAL AFFAIRS AND ECONOMIC AND STATISTICS DIRECTORATES WOULD BE CALLED UPON TO ASSIST WITH STUDY AND TO PROVIDE TECHNICAL AND STATISTICAL EVIDENCE. BOTH HAVE URGED U.S. TO GRANT INCREASES FOR "A" LEVEL GRADES AND TO USE EXISTING PROCEDURES FOR MAKING ANNUAL COST OF LIVING ADJUSTMENTS ON JULY 1, 1975.

3. DURING BILATERAL DISCUSSIONS WITH GERMAN, FRENCH, BELGIAN AND UK DELEGATES, THEY INDICATED THEIR WILLINGNESS TO ACCEPT NEW FORMULA FOR COST OF LIVING ADJUSTMENTS ON A PROVISIONAL BASIS WITH APPLICABILITY TO "A" GRADES LIMITED OFFICIAL USE

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ONLY, THEIR WILLINGNESS TO ACCIPT 8 PER CENT THRESHHOLD FOR EXCEPTIONAL COST OF LIVING REVIEWS AND TO USE THE EXISTING COST OF LIVING PROCEDURES FOR THE JULY 1, 1975 ANNUAL REVIEW. MAIN RATIONAL GIVEN BY THESE DELEGATES WAS THAT KEY POINT WAS TO ESTABLISH THE PRINCIPLE OF LESS THAN FULL ADJUSTMENT FOR COST OF LIVING INCREASES FOR SENIOR GRADES WHICH COULD BE SUBSEQUENTLY USED BY THEM IN DISCUSSIONS OF SALARY ISSUES IN COMMUNITIES. THEY

ALSO POINTED OUT THAT THE PROPOSAL DEVELOPED BY WORKING
PARTY TWELVE WAS BACKED BY MINIMAL STATISTICAL INFORMATION
ON THE EFFECT OF TAXATION UPON SALARY INCREASES
IN MAJOR HOST COUNTRIES. IN ADDITION, THEY POINTED OUT
THAT THEY BELIEVED MAJOR ACHIEVEMENTS IN SEALING DOWN
SALARY REQUESTS OF SECRETARIES-GENERAL, IN ESTABLISHING
PRINCIPLE THAT TRENDS IN NATIONAL CIVIL SERVICES SHOULD
HAVE GREATER WEIGHT IN FUTURE GENERAL REVIEWS, AND IN
EMBARCKING ON FULL STUDY OF COST OF LIVING PROCEDURES,
WARRANTED DEGREE OF FLEXIBILITY ON RELATIVE MINOR
ISSUES.

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OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

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4. DESPITE STRONG RESTATEMENT OF U.S. POSITION, U.S.
ISOLATED IN OPPOSING GENERAL REVIEW WAGE INCREASE FOR
A AND L GRADES, ON ESTABLISHMENT OF A THRESHHOLD FOR
EXCEPTIONAL REVIEWS, AND ON EFFECTIVE DATE OF ANY NEW
COST OF LIVING PROCEDURES.

5. ALTHOUGH CANADIAN DELEGATE STATED OPPOSITION TO
THE CONCEPT OF ANY DOWNHWARD ADJUSTMENTS OF COST OF

LIVING INCREASES, HE PROPOSED ESTABLISHING, ON A PROVISIONAL BASIS, A REDUCED COST OF LIVING GRANT FOR PROFESSIONAL STAFF ALONG LINES PARAGRAPH 3 C AND D OF REF B. HE ALSO PROPOSED APPROVAL OF A AND L GRADE GENERAL REVIEW WAGE INCREASES, ON 8 PER CENT THRESHOLD FOR EXCEPTIONAL REVIEWS, AND USE OF EXISTING PROCEDURES FOR JULY 1, 1975 ANNUAL REVIEW OF COST OF LIVING CHANGES. IN ADDITION CANADIAN DELEGATION CALLED FOR A FULL STUDY OF THIS ISSUE TO BE CARRIED OUT IN THE NEXT SIX MONTHS ON THE BASIS OF A MANDATE TO BE DRAWN UP BY THE CCG AND TO MAKE ADJUSTMENTS IN THE COST OF LIVING LIMITED OFFICIAL USE

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PROCEDURES AS WARRANTED BY FULL TECHNICAL STUDY. HE PROPOSED HAVING REPRESENTATIVE OF STAFF ASSOCIATIONS BEING THE WP THAT WOULD, GIVEN OBSERVER STATUS IN MONITORING THE PROGRESS OF THE TECHNICAL STUDY. THIS COMPROMISE CANADIAN PROPOSAL RECEIVED WIDE SUPPORT FROM ALL DELEGATIONS EXCEPT U.S.

6. IT IS EVIDENT THAT BOTH CANADIAN PROPOSAL AND SECRETARIES-GENERAL'S LATEST PROPOSAL PROVIDE OPPORTUNITY TO RESOLVE 1974 GENERAL REVIEW AND TO FORM BASIS FOR SOUND RECOMMENDATION ON ANY NEW COST OF LIVING PROCEDURE. RATHER THAN ADOPT A PROVISIONAL PROCEDURE THAT WOULD REQUIRE SUBSTANTIAL MODIFICATION LATER, MISSION RECOMMENDS ADOPTION OF SECRETARIES-GENERAL'S PROPOSALS LISTED IN PARAGRAPH 6 OF THEIR DRAFT NOTE (REF C).
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 20 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OECDP16199
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750219-0492, D750216-0275
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750630/aaaabbittel
Line Count: 202
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 134953, 75 OECD PARIS 11898
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 30 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 APR 2003 by ElyME>; APPROVED <01 OCT 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: 1974 GENERAL REVIEW OF SALARIES FOR THE COORDINATED ORGANIZATIONS
TAGS: AORG, OECD, NATO
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006